daily average attendance was 9 thousand and odd against 6748 and odd in 1109. The difference is over 2000 daily which if worked out for one year comes to 8 and odd lakhs. To my mind there appears to be an abnormal increase which has to be accounted for. Either there may be some mistakes in the keeping of accounts or there must be some special reasons for it.

Dr. D. Raghavendra Rao.—Sir, there is no abnormal increase worth-mentioning, on a perusal of the daily average attendance. First of all there are about 55 institutions in the State and even granting the increase of 2 thousand it works out to 40 patients for each hospital. Now taking the Male Dispensary at Mattancherry in 1110 when the Male Dispensary was shifted to Palluruthy, the daily average attendance was 322 whereas when it was at Mattancherri it was only 233. Therefore, there is an increase of 100 in one institution per day. In several institutions, there has been an increase. In the Chittur taluq, due to Malaria, there has been an increase in the number of patients attending. In some of the institutions, there has been an increase due to the epidemic of eye-disease, eye sore. So, naturally these variations do not mean anything.

Mr. C. R. Iyyunni.—The difference appears to be about one-fourth of the total.

Loan to the Sitaram Spinning and Weaving Company, Ltd., Trichur—suspension of repayment.

Mr. E. Ikkanda Warriar.—Will the Government be pleased to state:—

(a) whether they had given a loan to the Sitaram Spinning and Weaving Company, Ltd., Trichur;

(b) if so, what is the amount and the rate of interest;

(c) whether the said Company requested for a suspension of payment;

(d) if so, (1) when was the request made;

(2) what was the amount outstanding in their hands then;

(3) what were the reasons shown for the request;

(4) what was the amount involved in the request;

(5) what was the period during which they requested the suspension ;

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(6) what reply did they give and when;

(7) the reasons that prompted them to give such a reply;

(e) what is the paid capital of the Company;

(f) whether they have taken shares in any textile concerns of the State.

(g) if so, the date on which they took shares and their value?

Mr. P. V. Subramania Ayyar.—(a) Yes.

(b) Rs. 3,50,000 at 7½ per cent rate of interest reduced to 6 per cent from 1st Chingam 1108.

(c) Yes.

(d) (1) The request was made on 3rd October 1935.

(2) Rs. 1,34,600.

(3) To replace the present old engine with an up-to date Turbine.

(4) Suspension of monthly repayment of Rs. 4,200 for 18 months involving a sum of Rs. 75,600.

(5) 18 months.

(6) The reply was given by Government under date 18th December 1935.

The Government replied that the incurring of any further capital expenditure was not a very desirable step and therefore they regretted their inability to grant the request.

(7) The financial condition of the Company as disclosed in the balance sheet on the last day of 1110 was very unsatisfactory. The annual depreciation which had to be provided in their bloc account at the usual rates came to about Rs. 85,000 and on that basis the Company had actually made a loss of nearly Rs. 60,000 in its working for the year 1110. Though the Managing agents had decided to forego Rs. 30,000 of their commission the fact nevertheless remained that the working of the Mills disclosed a very serious loss.

(e) Rs. 12,99,775.

(f) Yes.

(g) Government undertook to subscribe 6 per cent cumulative preference shares to the value of Rs. 1,50,000 in the Cochin Textiles, Ltd. (Rs. 37,500 alone has been paid so far out of Rs. 1,50,000.)

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Mr. E. Ikkanda Warriar.—Sir, at the time when the request for the suspension of the payment was made, was not the mill-property not sufficient security for the repayment of an outstanding loan of Rs. 1,34,600?

Mr. P. V. Subramania Ayyar.—Those details were not looked into.

Mr. E. Ikkanda Warriar.—Are not the properties of the mill secured for the payment of the loan?

Mr. President.—In the opinion of the Government, the property of the mill was not worth the money advanced. Because the value of an industrial concern is its earning capacity and not the money invested. If more is invested the greater is the loss for the Company.

Mr. E. Ikkanda Warriar.—My question is whether all the assets of the mills were a charge for the repayment of the loan advanced by the Government.

Mr. President.—Yes.

Mr. E. Ikkanda Warriar.—Whether those properties, if sold would not be sufficient to pay the debt of 1,34,000 rupees to the Government?

Mr. President.—Government has serious doubt on the point.

Mr. E. Ikkanda Warriar.—Did the Government, before entertaining such doubt, get the Mills valued by anybody?

Mr. President—The value of the concern is calculated on the basis of its working.

Whether it is in the interests of the Government or in the interests of the share-holders, I may advise you not to pursue that line of argument.

Mr. E. Ikkanda Warriar.—Sir, I thank you for the suggestion given to me. But it is in the interests of the share-holders that I am trying to undo a mischief that is done by the Government to that concern. It is only in the interests of the concern itself that I am asking these questions. Whether all the properties of the Company were not the first charge for the payment of the loan to the Government?

Mr. President.—That has been answered "yes".

Mr. E. Ikkanda Warriar.—Whether the Government did make a valuation of the assets and liabilities of the company at

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the time they declined the request for the suspension of the loan?

Mr. President.—It was explained during the course of my speech that the Government not only went into the actual working of the Mill but they also made a calculation as to what it is worth today and as a result the Government came to the conclusion that the security was not at all adequate. On the date of that calculation the share value of 100 rupees was only 55 rupees. It is now sold at 30 rupees.

Mr. E. Ikkanda Warriar.—What is the value of the properties of the Company, whether the Government has valued it; not the value of the shares?

Mr. President.—In the opinion of the Government, since there was no sufficient security for advancing this money or for postponing the payment, it was not thought necessary to make a detailed calculation at all.

Mr. E. Ikkanda Warriar.—Why did not the Government think it necessary to make a detailed valution in order to see whether there is sufficient security for the amount?

Mr. President.—Because, it appeared to the Government that *prima facie* the security is not proper.

Mr. E. Ikkanda Warriar.—Did it appear to the Government that the company is not worth Rs. 1,34,600 on the date of the refusal of the request?

Mr. President.—In the opinion of the Government the assets of the Company were not sufficient security for this loan.

Mr. E. Ikkanda Warriar.—Were there un-paid calls in the Company?

Mr. President.—The question is not clear.

Mr. E. Ikkanda Warriar.—Were all the subscribed shares of the Company fully paid up?

Mr. President.—Yes, that is our information.

Mr. E. Ikkanda Warriar.— Sir, was not this Rs. 75,000 intended for the purchase of a turbine engine to effect efficiency and saving in the fuel consumption of the Company?

Mr. President.—In the opinion of the Government, in view of the financial position of that company, the Government thought it not admissible to incur further capital expenditure and therefore the Government thought not to advance the money.

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Mr. E. Ikkanda Warriar.—Did the Government consult any engineer before they came to the opinion that the existing engine should not be replaced by another?

Mr. President.—There is no obligation on the part of the Government to make those enquiries. It is not the concern of the Government.

Mr. E. Ikkanda Warriar—It may not be their concern. But, Sir, is it not a fact that the replacement of that engine is intended to effect a saving of Rs. 25,000 in the fuel consumption?

Mr. President.—In the opinion the Government, further capital expenditure was considered to be highly undesirable.

Mr. E. Ikkanda Warriar.—Was it not brought to the notice of the Government that the replacing of the engine would effect a saving of Rs. 25,000 in the fuel consumption?

Mr. President.—It was brought to the notice of the Government by the Managing Agents that it was a very useful expenditure.

Mr. E. Ikkanda Warriar.—Is the Government aware that on the security of the assets of that Company, the Company raised a loan of Rs. 3,00,000 subsequent to the refusal of the Government?

Mr. President.—The Government have no information.

Mr. E. Ikkanda Warriar.—Was the Government paid fully after the refusal of the request for the suspension of the payment?

Mr. President.—Yes.

മിസ്റ്റർ കെ. അയ്യപ്പൻ.— ഈ പുതിയ മിഷ്യൻ വരുത്താതെ മുമ്പിലത്തെ മിഷ്യനും, ക്യാപ്പിറ്റലുംകൊണ്ട് ശരിക്കു വർക്ക് ചെയ്തിരുന്നുവെങ്കിൽ ആദായകരമായിരിക്കുമെന്നു ഗവൺമെൻറിനു തോന്നുന്നില്ലേ?

Mr. President.—After looking into the results of 20 other textile mills in South India, the Government are of opinion that properly-managed textile mills would be paying.

മിസ്റ്റർ കെ. അയ്യപ്പൻ.— പുതിയ മിഷ്യൻ വരുത്തിക്കഴിഞ്ഞാൽ നഷ്ടമായിരിക്കുമെന്നല്ലേ കരുതേണ്ടതു്?

Mr. President.—It was actually a loss.

Mr. T. A. Ramachandra Ayyar.—What is the amount outstanding to the Government?

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Mr. P. V. Subramania Ayyar.—No amount is outstanding. The whole amount is paid.

Mr. C. R. Iyyunni.—Sir, may I know whether the Mills were paying Rs. 4,200 month after month for a number of years before this was disallowed?

Mr. P. V. Subramania Ayyar.—Yes, they were paying almost regularly.

Mr. C. R. Iyyunni.—For how many months, may I know?

Mr. P. V. Subramania Ayyar.—From 1109.

Mr. C. R. Iyyunni.—That is for about 30 months they were regularly paying Rs. 4,200 from 1109 without any serious default?

Mr. P.V. Subramania Ayyar.—There have been slight delay in payments.

Mr. C. R. Iyyunni.—May I know whether there is any security so far as the Cochin Textiles is concerned for the amount that has been invested there?

Mr. President.—Their first preference shares. It is only after meeting the liabilities of the first preference shares that the rights of other share-holders come in.

Mr. C. R. Iyyunni.—May I know whether the Cochin Government will get anything by way of dividend if there is no profit?

Mr. President.—If the dividend is not paid in any one year, it is paid the next year.

Mr. C. R. Iyyunni.—Is there any guarantee that the company will declare a dividend next year?

Mr. T. A. Ramachandra Ayyar.—Sir, what is the security for Rs. 3,50,000 that is already paid?

Mr. C. R. Iyyunni.—How many shares have been already subscribed for in the Cochin Textiles?

Mr. President.—Six lakhs worth.

Mr. C. R. Iyyunni.—Already subscribed?

Mr. President.—Yes. That was the announcement in the newspapers. They announced that the subscriptions are closed.

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Mr. C. R. Iyyunni.—First of all, has not the Government thought it fit to write to them as to the amount of shares that have already been collected?

Mr. President.—If any company makes such a statement, the shareholders and the public will take steps.

Mr. E. Ikkanda Warriar.—Sir, was this Sitaram Company paying dividend before? It would appear that the Sitaram Company never paid dividend before.

Mr. President.—No such statement was made here.

Mr. E. Ikkanda Warriar.—It would appear so, even though it has not been expressly stated. May I know, whether the Government is aware that the Company has paid dividend in the previous years?

Mr. President.—They might have paid. The Government have no information.

Mr. E. Ikkanda Warriar.—Did they enquire before they finally refused the request of the Company?

Mr. P. V. Subramania Ayyar.—They did not want to enquire into all these, because the Government were not prepared to lend money on the security of those buildings and machinery.

Mr. E. Ikkanda Warriar.—I know all that, and that is why I am asking. Whether the list of mills published in the Madras Mail or so is an authorised statement?

Mr. President.—It is an authorised statement published in the Finance column of the Madras Mail.

Mr. E. Ikkanda Warriar.—Are all the mills mentioned in the list spinning and weaving mills?

Mr. President.—Many of them are spinning and weaving mills.

Mr. E. Ikkanda Warriar.—May I know the names of Mills stated in the list?

Mr. President.—One could not remember the names of all the Mills. I have the names of 5 or 6 of them in mind, viz., the Buckingham Mill, the Coimbatore spinning and weaving Mill, the Basanta Mill etc.

Mr. E. Ikkanda Warriar.—Which all of these Mills paid dividend?

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Mr. President.—One must look into the list for such information.

Mr. E. Ikkanda Warriar.—So the Government has not looked into it?

Mr. President.—We are not trading concerns.

Mr. E. Ikkanda Warriar.—There is the complaint that the Sitaram Mills has not made the annual depreciation which has been provided in the block account. Was there not really any profit in that year?

Mr. President.—No, certainly not. There was a net loss of Rs. 60,000, because profits are arrived at only after deducting depreciation.

Mr. E. Ikkanda Warriar.—Was the profit appropriated towards any particular item that year?

Mr. President.—I could not understand the question.

Mr. E. Ikkanda Warriar.—Now, the question is whether in the Balance sheet sent to the Government the real profit—certainly there was some profit—was appropriated for depreciation fund or for the payment of dividend? Whether the Balance Sheet sent to the Government showed only the real profit and not appropriation to particular heads?

Mr. President.—There was no profit and the question of appropriation does not arise.

Mr. E. Ikkanda Warriar.—Sir, according to you there will be no profit, after making provision for depreciation or other things. But even without making that provision, after the actual working of the institution, let me know, whether there was not a profit?

Mr. President.—There was a loss of Rs. 60,000.

Mr. P. Kumaran Ezhuthassan.—May I know, Sir, whether the Government is aware of the percentage of commission to the Managing Agents mentioned in answer, sub-division 7?

Mr. President.—It is a commission on production.

Mr. C. R. Iyyunni.—What is the commission or remuneration that is paid to the Managing Agents of the Cochin Textiles?

Mr. President.—It is in the prospectus.

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Mr. E. Ikkanda Warriar.—The prospectus is not given to us.

Mr. President.—The prospectus of the Company is available to the public. Further, it was published in the newspapers.

Mr. E. Ikkanda Warriar.—Will the Government kindly give us at least such of the information as the public requires to know?

Mr. P. V. Subramania Ayyar.—I will place a copy of the prospectus on the table.

Mr. T. A. Ramachandra Ayyar.—Has the rate of commission that is given to the Managing Agents of the Sitaram Mills been published in the prospectus issued by that company?

Mr. President.—It must have been.

Mr. E. IkkandaWarriar.—Is there not a provision in that prospectus for giving of commission for the purchase of articles by the Managing Agents direct?

Mr. P. V. Subramania Ayyar.—I am not fully aware of the various details of the prospectus. I shall place a copy on the table if it is found necessary.

Mr. E. Ikkanda Warriar.— Sir, you are the custodian of the tax-payers' money. So you should know the percentage of commission given to the Managing Agents of the Cochin Textiles. I think, in all duty, the Government is bound to know the percentage of commission given to a firm where they have taken shares to the extent of one and a half lakhs of rupees, as distinct from a loan to a Company.

Mr. P. V. Subramania Ayyar.—I do not think that any Hon'ble Member would expect me to commit all those details to my memory and repeat it here.

Cochin Government 3½ per cent loan—particulars regarding.

155. Mr. E. Ikkanda Warriar.—Will the Government be pleased to state:

1. whether they gave any underwriting commission in the matter of the 3½ per cent loan for thirty lakhs floated by them;
2. if so, what commission did they give and to whom;
3. the total cost incurred by them in raising the said loan;

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